



STATE OF CONNECTICUT  
DEPARTMENT OF BANKING  
260 CONSTITUTION PLAZA – HARTFORD, CT 06103-1800



**Testimony Presented to the joint public hearing of the  
Higher Education and Employment Advancement Committee  
and  
Banking Committee**

**Concerning Raised Bill No. 6915  
AN ACT CONCERNING A STUDENT LOAN BILL OF RIGHTS**

Bruce H. Adams, Acting Commissioner  
Department of Banking  
March 5, 2015

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Good afternoon Representatives Willis and Lesser, Senators Bartolomeo and Winfield and distinguished committee members. My name is Bruce H. Adams and I am the Acting Commissioner at the Department of Banking, Thank you for the opportunity to testify before you today in support of Raised Bill 6915 *An Act Concerning a Student Loan Bill of Rights*.

Excluding home mortgage debt, student loan debt now comprises the largest portion of household debt in the United States. Prior to 2009, however, student loans were the smallest form of household debt in the United States. What happened? Since 2009, Americans have reduced their other debts but have continued to borrow for education.

To get a sense of scope, in 2004 the US student loan balance was approximately \$365 billion; by 2014 that number had more than tripled to nearly \$1.2 trillion. In

the last 10 years, we have seen increases in both the number of borrowers, as well as the average student loan balance per borrower.

This bill would create a Student Loan Ombudsman to help resolve consumer complaints, educate consumers who may need help understanding an aspect of their particular loan, and help increase financial literacy in Connecticut.

~~The Department of Banking is prepared to address this aspect of the bill~~ through its Consumer Affairs division – an experienced team comprising both financial examiners and Consumer Information Representatives.

In addition to establishing the Student Loan Ombudsman, this bill gives the Department jurisdiction to regulate non-government student loan servicing in Connecticut by requiring servicers to obtain a license from the Department. The Department has deep experience in the examination, investigation, and enforcement of entities who engage in loan servicing. The Department also regulates Debt Collection companies, many of whom collect on defaulted student loans.

The Department has the expertise to regulate private loan servicers and is happy to work with stakeholders to craft language that will best protect our student borrowers.

Thank you all again and I am happy to respond to your questions.